

EXAMPLE E

This example shows Direct Unsubsidized Loans (with capitalized interest) repaid at 8.25 percent under the **Income Contingent Repayment (ICR) Plan**.

Loan Amount	Adjusted Gross Income	Beginning Monthly Payment	Number of Years in Repayment	Total Repayment
\$15,000	\$15,000	\$104*	25	\$35,096**

*Calculated as follows:

Step 1: Multiply the principal balance by the constant multiplier for 8.25% interest (.0109621). (For constant multipliers, see the chart on page A-2).
 $0.0109621 \times 15,000 = 164.4315$

Step 2: Multiply the result by the income percentage factor that corresponds to the borrower's income. (For income percentage factors, see the chart on page A-4). $63.85\% (0.8887) \times 164.4315 = \104

Step 3: Determine 20 percent of discretionary income. (See page A-5 for poverty guidelines chart.)***
 $[\$15,000 - \$8,050] \times 0.20 \div 12 = \116

Step 4: Payment is the amount determined in step 2 because it is less than 20 percent of discretionary income.

**\$8,991 in principal and \$26,105 in interest

***Poverty guideline for a family size of one